

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
FRB-03 INR-10 NSAE-00 SP-02 STR-07 TRSE-00 LAB-04
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FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 6330
INFO ALL EC CAPITALS
AMEMBASSY ATHENS

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USEEC

E.O. 11652: N/A
TAGS: EEC, GR, ECIN
SUBJ: EC/GREECE ACCESSION NEGOTIATIONS

REF: A) BRUSSELS 6629, B) BRUSSELS 1925

1. SUMMARY: THE EC/GREECE ACCESSION NEGOTIATIONS WILL RESUME AT THE DEPUTY NEGOTIATOR LEVEL MAY 12. MAIN ITEMS ON THE AGENDA WILL BE GREECE'S ACCESSION TO THE EUROPEAN COAL AND STEEL COMMUNITY (ECSC) AND EXTERNAL RELATIONS (I.E., IN TRADE POLICY). CAPITAL MOVEMENT AND WRAPPING UP OF THE CUSTOMS UNION SECTOR, MAY ALSO BE DISCUSSED. COMMISSION, GREEK MISSION AND PERMDEL OFFICIALS CONSIDER THE NEGOTIATIONS TO BE PROGRESSING SMOOTHLY. END SUMMARY.
2. THE MAY 12 EC/GREEK DEPUTIES DISCUSSION OF GREECE'S ACCESSION TO THE ECSC WILL CONCENTRATE ESSENTIALLY ON THE STEEL INDUSTRY. WHILE STEEL WAS NOT INCLUDED IN THE EC/ GREECE ASSOCIATION AGREEMENT (WHICH WOULD HAVE PROVIDED FOR GRADUAL DISMANTLING OF DUTIES AS IS DONE IN OTHER SECTORS COVERED BY THE ASSOCIATION AGREEMENT), NEITHER
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SIDEFORSEES ANY MAJOR PROBLEMS IN THIS AREA. HOWEVER, THERE ARE SOME DIVERGENCES OF OPINION REGARDING THE PACE AT WHICH ADAPTATION OF EC/GREEK REGULATIONS FOR STEEL PRODUCTS SHOULD TAKE PLACE. ACCORDING TO A COMMISSION OFFICIAL, THE GREEKS ARE CONCERNED THAT A RAPID DISMANTLEMENT OF CUSTOMS DUTIES AND TAXES WILL ENDANGER THEIR BURGEONING STEEL INDUSTRY. AS A RESULT GREECE HAS PRO-

POSED A 5-YEAR TRANSITION PERIOD DURING WHICH THE EC WOULD ELIMINATE DUTIES ON GREEK STEEL IMPORTS AT THE TIME OF GREECE'S ACCESSION, WHILE CUSTOMS DUTIES ON COMMUNITY EXPORTS TO GREECE WOULD CEASE ONLY DURING THE FOURTH AND FIFTH YEARS. SOURCE SAID THAT THE EC CONSIDERS THE GREEK PROPOSALS TOO PROTECTIONIST FOR AN INDUSTRY WHICH IS SUFFICIENTLY MODERN TO WITHSTAND EC COMPETITION. THE EC, HE CONTINUED, IS THEREFORE PROPOSING THAT ADAPTATION OF EC/GREEK REGULATIONS IN THE STEEL SECTOR BE CARRIED OUT GRADUALLY, BUT ON AN IDENTICAL, SIMULTANEOUS TIMETABLE, WITH THE COMPLETE ELIMINATION OF CUSTOMS DUTIES AND TAXES AT THE END OF A NEGOTIATED TRANSITION PERIOD.

3. REGARDING THE EXTERNAL RELATIONS CHAPTER OF THE NEGOTIATIONS, COMMISSION SOURCE NOTED THAT THERE IS ALSO DISAGREEMENT OVER THE TIMETABLE FOR GREEK ASSUMPTION OF EC OBLIGATIONS TO THIRD COUNTRIES UNDER EXISTING AGREEMENTS TO WHICH EC IS A PARTY (E.G., LOME CONVENTION, GATT, MAGHREB, MASHREK AND OTHERS). ACCORDING TO THE INFORMATION PAPER PREPARED BY THE COMMISSION FOR THE EC MEMBER STATES ON THIS QUESTION, GREECE IS SEEKING A FIVE-YEAR PHASED TRANSITION PERIOD TO BE APPLIED TO PRODUCTS EMANATING FROM COUNTRIES WITH WHICH THE EC HAS PREFERENTIAL AGREEMENTS AND CONTAINED IN TWO LISTS IN THE EC/GREECE ASSOCIATION AGREEMENT. IN ITS PAPER THE COMMISSION ADOPTS THE POSITION THAT GREECE SHOULD FROM THE DATE OF ACCESSION LIMITED OFFICIAL USE

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ACCEPT ALL THIRD COUNTRY OBLIGATIONS ON THOSE PRODUCTS NOT CONSIDERED TO BE SENSITIVE (I.E., WHICH GREECE DOES NOT PRODUCE AND ON WHICH THERE IS A TWELVE-YEAR TARIFF REMOVAL SCHEDULE UNDER THE ASSOCIATION AGREEMENT (FIRST LIST). THE COMMISSION ACCEPTS A TRANSITION PERIOD ON THOSE PRODUCTS ON WHICH PROVISION IS MADE FOR A TWENTY-TWO YEAR TARIFF REMOVAL (THE SECOND LIST). REGARDING LIBERALIZATION OF IMPORTS FROM GATT COUNTRIES, THE COMMISSION PAPER STATES THAT GREECE PROPOSES IMMEDIATE APPLICATION OF THE EC LIBERALIZED LIST OF IMPORTS AT THE DATE OF GREECE'S ACCESSION, BUT WITH THE PROVISIO THAT THE EC ACCEPT TRANSITIONAL ARRANGEMENTS BASED ON TARIFF QUOTAS FOR CERTAIN PRODUCTS IMPORTED INTO GREECE FROM GATT COUNTRIES. THE COMMISSION, HOWEVER, THINKS THAT GREECE SHOULD AGREE, AT THE DATE OF ACCESSION, TO THE LIBERALIZATION OF ALL IMPORTS ON THE LIST, BUT IS PREPARED TO CONSIDER A SHORTER LIST OF PRODUCTS THAN THAT PROPOSED BY GREECE FOR WHICH A QUOTA SYSTEM, TO BE PHASED OUT GRADUALLY, MIGHT BE IMPOSED DURING A TRANSITION PERIOD.

4. COMMISSION SOURCE THOUGHT THE MAY 12 DEPUTIES' MEETING MAY ALSO REVERT TO THE QUESTION OF CAPITAL MOVEMENTS. HE

NOTED THAT ALTHOUGH THE EC HAD THOUGHT AGREEMENT HAD BEEN REACHED EARLIER ON THIS QUESTION, GREECE NOW SAYS IT CANNOT YET GIVE FINAL APPROVAL TO THE SECTION COVERING REPATRIATION TO THE COMMUNITY OF INVESTMENTS IN GREECE. SOURCE SAID THAT THIS QUESTION HAS BECOME A POLITICAL ISSUE IN ATHENS WHERE PASOK, THE MAIN OPPOSITION PARTY, IS ACCUSING THE EC OF TRYING TO "BLEED" GREECE OF MONIES LEGITIMATELY BELONGING TO GREECE. ACCORDING TO SOURCE, PASOK ACCEPTS THAT INITIAL INVESTMENTS IN GREECE BY EC BASED COMPANIES CAN BE WITHDRAWN BUT NOT SUBSEQUENT PROFITS. OFFICIAL SAW NO DIFFICULTY IN OVERCOMING THE PROBLEM AND SAID THAT THE EC WILL SOON BE PRESENTING NEW

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PROPOSALS ON THIS POINT TO ALLAY GREEK OPPOSITION FEARS.
5. DESPITE THE DIFFERENCES OF OPINION ABOUT THE LENGTH OF A TRANSITION PERIOD IN THE VARIOUS SECTORS TO PERMIT GREECE TO BECOME FULLY INTEGRATED INTO THE COMMUNITY, COMMISSION, GREEK MISSION, AND PERMEDELS STILL HOPE TO CONCLUDE THE SUBSTANTIVE PHASE OF THE ACCESSION NEGOTIATIONS BY EARLY 1979. THEY ACKNOWLEDGE THAT THE AGRICULTURAL SECTOR MAY PRESENT THE MOST SERIOUS DIFFICULTIES SINCE THE EC WILL NOT WISH TO CREATE UNDESIRABLE PRECEDENTS FOR THE EC ACCESSION NEGOTIATIONS WITH PORTUGAL AND SPAIN OR TO CREATE A NEGATIVE IMPACT ON THE MEDITERRANEAN AGRICULTURE OF THE PRESENT COMMUNITY. THESE SAME OFFICIALS NOTE THAT FRANCE, BECAUSE OF GISCARD'S COMMITMENT TO CARAMANLIS, IS VERY KEEN ON EARLY ACCESSION OF GREECE TO THE EC AND

CONSEQUENTLY IS MAKING AN EFFORT TO INSURE A RAPID CON-
CLUSION OF THE NEGOTIATIONS, HOPEFULLY DURING THE FRENCH
EC PRESIDENCY IN THE FIRST HALF OF 1979 . HINTON

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